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F.O.

424

PART VI.

FURTHER CORRESPONDENCE

RESPECTING THE

FINANCES OF TURKEY.

154

1885.

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CONFIDENTIAL.

Further Correspondence respecting the Finances of Turkey.

Part VI.

No. 1.

Mr. Wyndham to Earl Granville.—(Received January 31.)

(No. 25.)

Constantinople, January 17, 1885.

My Lord,

ON the 18th March last year the Earl of Dufferin had the honour of submitting to your Lordship a report upon the state of affairs as regards the payment by the Ottoman Government of the war indemnity due to Russia, which, according to the Convention concluded between the two Governments, is fixed at 802,500,000 fr., to be paid off, without bearing interest, at the rate of £ T. 350,000 a-year.

In this report the chief provisions of the Convention were explained, the difficulties in the way of carrying them into execution were pointed out, and a deficit was shown to have existed at the close of the first year of its operation, amounting on the 1st (13th) March to £ T. 149,000.

Great pressure was brought to bear upon the Porte by the Russian Embassy, as well as by the Ottoman Bank in its character of co-executor of the Convention, to reduce this deficit, and the Russian Embassy not being content with the assurances given by the Minister of Finance, called the Porte's attention to the Vth Article of the Convention under which it is bound, in the event of the revenues of the allotted districts falling short of the required amount, to assign additional sources of revenue for the purpose of covering the deficit.

In consequence of this pressure the Minister of Finance sent on the 4th (16th) August last a circular telegram to the Valis of Aleppo, Konieh, Castamouni, Adana, and Sivas, instructing them to devote, in addition to the tithe revenue of their respective vilayets, which, as your Lordship is aware, is already affected to the payment of the war indemnity under the Convention, one-half of the sheep tax and of the exemption from military service tax. The Valis were further instructed that as the question was one of the greatest importance, they were, in the event of the above-named taxes falling short of the amount claimed as the proper quota for each vilayet, to make use of such other sources of revenue as they had at their disposal in order to make up the deficiency.

There has been, as Lord Dufferin pointed out in his despatch No. 91 of the 18th March last, a difference of opinion between the Russian Embassy and the Sublime Porte as to the date when the war indemnity year begins and ends. The former maintains it to be the 1st (13th) January, the latter the 1st (13th) March. Upon this point the Russian Embassy will, not improbably, yield, and seeing that the tithe is collected in the provinces during the summer, it would be advisable that a much later date even than March should be selected for closing the annual war indemnity accounts.

Be this as it may, the following is a statement of the present pecuniary state of this question:—

January 1st (13th), 1883, to January 1st (13th), 1884, amount collected £ T. 125,146. Deficit £ T. 224,854.

January 1st (13th), 1884, to January 1st (13th), 1885, amount collected £ T. 298,377. Deficit £ T. 151,623.

The total amount collected in the two years during which the Convention has been in force, viz., January 1883 to January 1885, amounts to £ T. 423,523, showing a gross deficit of £ T. 276,427.

I have, &c.
(Signed) HUGH WYNDHAM.

No. 2.

Mr. Lascelles to Earl Granville.—(Received March 7.)

E
(No. 16.)

Sophia, February 23, 1885.

My Lord,

I HAVE the honour to inclose a précis by Mr. Graves of the Bulgarian Budget for 1885, showing a deficit of 880,423 fr. 70 c.

During the five years that I have been at Sophia, the Budget, as passed by the Chamber, has always shown a deficit, but it has never been found necessary to take any special measures in consequence, and I am informed that the amount of money in the Treasury is constantly increasing. It is evident that as long as the question of the obligations imposed on Bulgaria, such as the tribute, the part of the Turkish Debt to be borne by the Principality, and the Varna-Rustchuk Company's claims, has not been settled, it is to the interest of Bulgaria to make out that she is poorer than she really is.

I have, &c.
(Signed) FRANK C. LASCELLES.

Inclosure in No. 2.

Précis of the Bulgarian Budget for the Year 1885.

	Fr.	c.
Estimated expenditure	35,780,323	70
,, revenue	34,899,900	00
Estimated deficit	880,423	70

Which will be covered by the surplus expected in the Budgets of the different Ministries.

Expenditure.	Fr.	c.
Supreme Government	1,210,900	00
State Debts	2,105,004	00
Ministry of—		
Finance and Works	6,981,100	00
Interior	5,372,230	00
Foreign Affairs and Posts ..	3,346,800	00
Public Instruction	2,508,701	00
Justice	2,580,428	00
War	11,675,160	70
	35,780,323	70

Revenue.	Fr.	c.
Direct taxes	19,575,000	00
Indirect taxes	13,520,700	00
Various	1,804,200	00
	34,899,900	00
Deficit	880,423	70
	35,780,323	70

No. 3.

Assim Pasha to Musurus Pasha.—(Communicated to Earl Granville by Musurus Pasha, March 20.)

Sublime Porte, le 11 *Mars*, 1885.

M. l'Ambassadeur,

LE Gouvernement Impérial a plus d'une fois appelé l'attention des Puissances sur la nécessité de résoudre la question relative au tribut de la Bulgarie et aux quote-parts de la Dette Publique Ottomane afférentes à cette Principauté ainsi qu'à la Serbie, au Monténégro, et à la Grèce.

Cette question reste cependant encore en souffrance, bien que nos démarches aient toujours rencontré un accueil favorable. Le Cabinet Impérial de Russie, tout en reconnaissant la valeur et la légitimité de nos droits, a cru qu'en ce qui concerne la Bulgarie, la question du tribut et de la participation à la Dette Publique ne pourrait

être résolue que conjointement avec celles du chemin de fer de Varna et des lignes de jonction de Bulgarie.

La Sublime Porte estime qu'on ne saurait placer ces deux points sur la même ligne que les engagements d'un caractère général et collectif qui ont trait au tribut et aux quote-parts de la dette, et avec lesquels ils n'ont aucune corrélation. La différence essentielle qui existe entre ces deux catégories de stipulations nous paraît avoir été caractérisée par la teneur même du Traité de Berlin, d'après lequel le montant du tribut et des participations à la dette devra être déterminé par un accord entre les Puissances Signataires, tandis que le réglement des questions de chemins de fer est réservé à une entente directe entre les parties intéressées. Ainsi, quant à la question du chemin de fer de Varna qui doit être traitée entre le Gouvernement Ottoman, la Bulgarie, et la Compagnie, la Sublime Porte est prête à entrer en négociations à ce sujet.

Dans la pensée du Gouvernement Impérial, le mode de procéder suggéré par le Cabinet de St. Pétersbourg ne présenterait aucun avantage pratique; il aurait, en outre, l'inconvénient de ne pas rentrer exactement dans le cadre des prévisions du Traité et celui surtout de retarder encore davantage l'époque d'une solution dont on est partout unanime à regretter l'ajournement.

La Sublime Porte croit inutile de revenir sur le préjudice considérable qui résulte pour elle de cette situation. Elle n'est point la seule toutefois à souffrir de ce retard. Les Puissances savent, en effet, que les porteurs de titres, parmi lesquels leurs nationaux figurent en grand nombre, attendent une amélioration notable de leur condition par la fixation et le paiement du tribut de la Bulgarie qui, de même que les quote-parts, a été affecté au service de la Dette Publique.

Confiante dans les dispositions bienveillantes et dans l'esprit de haute justice des Cabinets, la Sublime Porte croit donc devoir faire auprès d'eux une nouvelle démarche en vue de provoquer l'accord prévu par les actes internationaux pour la fixation du montant du tribut de la Bulgarie et des quote-parts de la Dette Publique incombant à la Principauté, ainsi qu'à la Serbie, au Monténégro, et à la Grèce.

Je vous prie de donner lecture de cette dépêche à sa Seigneurie le Principal Secrétaire d'État au Foreign Office, et de lui en laisser copie.

Veuillez, &c.
(Signé) M. ASSIM.

No. 4.

*Earl Granville to Sir E. Thornton.**

(No. 122.)

Sir,

Foreign Office, April 7, 1885.

YOUR Excellency is aware of the repeated endeavours made by Her Majesty's Government, during the last three or four years, to obtain a settlement of the question of the Bulgarian tribute, and the share of the Ottoman Public Debt to be borne by the Principality as well as by Servia, Montenegro, and Greece; but it may be useful that I should briefly recapitulate what has taken place on the subject.

On the 31st August, 1881, I authorized Her Majesty's Ambassador at Constantinople to join with the Representatives of the other Great Powers in the consideration of the question of the Bulgarian tribute and the portion of the Turkish debt to be assigned to the Principality.

On the 27th September the Earl of Dufferin sent home a Memorandum containing a statement which the Russian Ambassador had made to his colleagues in conference to the effect that the proportion of the debt due by Bulgaria could not be determined until the total debt of the Empire had been ascertained; that the proper instrument for arriving at a knowledge of this would be the European Commission recommended in the 18th Protocol of the Congress of Berlin; and that the cases of Roumania and Servia before the war would afford a convenient principle of evaluation.

Lord Dufferin stated that no inclination was shown by any of his colleagues to prolong the discussion after this announcement.

In my Circular despatch of the 13th February, 1883, I stated the belief of Her Majesty's Government that as soon as a disposition was shown by the Powers to proceed with the questions of the tribute and the share of the debt, they could be settled at Constantinople without much difficulty, if the Porte and the countries

* Also to Viscount Lyons (No. 317), Sir J. S. Lumley (No. 93), Mr. Scott (No. 168), and Sir A. Paget (No. 89).

concerned would furnish certain data from which an estimate could be made of the amounts to be claimed. The Powers were at the same time invited to join Her Majesty's Government in taking steps for the settlement of these questions without further delay.

In October 1883, Lord Dufferin was requested to give his particular attention to the matter, as it was one which, in the opinion of Her Majesty's Government, required a prompt settlement.

In the meantime, M. Valfrey had been intrusted, by certain financial houses at Paris, with a mission to the Powers with a view to some arrangement for a settlement being come to, and on the 18th February, 1884, your Excellency reported that M. Valfrey had succeeded in coming to an agreement with the Russian Government on the following points: That in principle the Russian Government would not refuse to agree to a conference of the Ambassadors at Constantinople for the consideration of the amount of the Turkish debt to be borne by Bulgaria, and the tribute to be paid by the Principality; and that the Russian Government would communicate the calculations prepared by Mr. Vincent, then the representative of the bondholders at Constantinople, to the Bulgarian Government, and invite its observations on them.

On the 27th February, 1884, I informed Mr. Bouverie, the Chairman of the Council of Foreign Bondholders, who called upon me in order to urge Her Majesty's Government to support the action of the Russian Government at Sophia, that it did not seem to me clear that Her Majesty's Government would do well to take hasty action at Sophia. The Russian Government, I said, had offered to take the first steps there. If those steps were successful much progress would have been made. In any case, I added, it could not be admitted that the decision of the matter rested with Bulgaria. That must be the business of the Ambassadors at Constantinople, and it seemed that the difficulty as to their meeting to discuss the question had now been removed, as the Russian Government were reported by M. Valfrey to be ready to agree to the Conference taking place shortly.

On the 5th May, however, M. de Giers informed your Excellency that Russia now proposed a Commission to inquire into all the liabilities of the Bulgarian Government, and stated that it would be a difficult matter to decide how much she ought to pay towards the satisfaction of any one of them until the amount of each was positively fixed. The Russian Agent at Sophia had been instructed to suggest the appointment of this Commission, but no further information has reached Her Majesty's Government on the subject, and as the inquiry was to extend to the British and Austrian claims in connection with the railways and the expenses of the Russian army in Bulgaria, the proposal entirely set aside the agreement made with M. Valfrey.

I now transmit to your Excellency a copy of a further note from the Porte, which has been communicated to me by Musurus Pasha,* urging the Powers to take steps to carry out the provisions of the Treaty of Berlin in regard to these questions; and I have to request you to ascertain and report to me whether the Government to which you are accredited is prepared to instruct its Representative at Constantinople to resume the consideration of the matter.

Your Excellency is authorized to read this despatch to the Russian Minister for Foreign Affairs and to give him a copy of it, should he desire it.

I am, &c.
(Signed) GRANVILLE.

No. 5.

Earl Granville to Musurus Pasha.

Foreign Office, April 7, 1885.

M. l'Ambassadeur,

I HAVE the honour to acknowledge the receipt of the note from the Sublime Porte dated the 11th ultimo, which you have been good enough to communicate to me, urging a settlement of the questions of the Bulgarian Tribute, and the share of the Ottoman Public Debt to be borne by the Principality, and by Servia, Greece, and Montenegro.

I beg leave to inform your Excellency that I have instructed Her Majesty's

* No. 3.

Representatives at the Courts of the Powers parties to the Treaty of Berlin to inquire whether those Powers are prepared to instruct their Representatives at Constantinople to resume the consideration of the matter.

I have, &c.
(Signed) GRANVILLE.

No. 6.

Viscount Lyons to Earl Granville.—(Received April 17.)

(No. 257.)

Paris, April 15, 1885.

My Lord,

I HAVE the honour to report that, in obedience to the instructions contained in your Lordship's despatch No. 317 of the 7th instant, I read that despatch to-day to M. de Freycinet, and asked him whether the French Government was prepared to instruct its Representative at Constantinople to resume the consideration of the questions of the Bulgarian tribute and of the portion of the Ottoman Debt to be assigned to that Principality.

At M. de Freycinet's request I gave him a copy of the despatch. He promised to bestow on the matter his early attention.

I have, &c.
(Signed) LYONS.

No. 7.

E *Sir E. Malet to Earl Granville.—(Received April 20.)*

(No. 181.)

Berlin, April 18, 1885.

My Lord,

I HAVE the honour to inform your Lordship that I yesterday read to Count Hatzfeldt your Lordship's despatch No. 188 of the 7th instant, respecting the settlement of the Bulgarian tribute and the share of the Ottoman Public Debt to be borne by the Principality, as well as by Servia, Montenegro, and Greece.

Count Hatzfeldt asked me to leave a copy with him, and said that he would give me an answer to the question as to whether the German Government was prepared to instruct their Representative at Constantinople to resume the consideration of the subject as soon as possible.

I have, &c.
(Signed) EDWARD B. MALET.

No. 8.

E *Sir A. Paget to Earl Granville.—(Received April 22.)*

(No. 107.)

Vienna, April 19, 1885.

My Lord,

I HAVE the honour to acknowledge the receipt of your Lordship's despatch No. 89 of the 7th instant, relative to the settlement of the question of the Bulgarian tribute, and the share of the Ottoman Public Debt to be borne by the Principality, as well as by Servia, Montenegro, and Greece, and to inform your Lordship that, in compliance with the instructions contained therein, I read this despatch to Count Kálnoky in an interview I had with his Excellency yesterday, and, at his request, gave him a copy of it. I did not leave him a copy of the inclosure, for his Excellency had already received a similar communication from the Turkish Ambassador.

Count Kálnoky, in expressing his acknowledgments for the present communication, said that he would give the subject his early attention, and that he would reply to your Lordship's despatch either through Count Károlyi or directly through me.

His Excellency did not show any disinclination to the suggestion that the Representatives at Constantinople should be instructed to resume the consideration of this matter, but he expressed the fear that they would again be met by the same difficulties which they had previously encountered, namely, the reluctance on the part of the Governments concerned to afford accurate information, which some of them were interested in concealing, upon which the necessary calculations could be founded.

Count Kálnoky added that the German Government had recently brought these questions under his notice, and had inquired what steps he thought should be taken for arriving at a settlement of them.

I have, &c.
(Signed) A. PAGET.

No. 9.

M. Waddington to Earl Granville.—(Received May 5.)

E
M. le Comte, *Londres, le 5 Mai*, 1885.

L'AMBASSADEUR de Sa Majesté Britannique à Paris a bien voulu remettre le 15 Avril à M. le Ministre des Affaires Étrangères copie d'une dépêche dans laquelle votre Excellence l'entretenait d'une démarche faite par la Turquie en vue d'amener les Puissances à fixer le montant du tribut que lui doit la Bulgarie, ainsi que les portions de la dette Turque mises par le Traité de Berlin à la charge des divers États constitués ou agrandis au détriment de l'Empire Ottoman.

Aux termes de cette communication, votre Excellence exprimait le désir de connaître les dispositions du Gouvernement Français sur ce sujet, et elle chargeait Lord Lyons de s'enquérir si le Cabinet de Paris serait disposé à donner à son Ambassadeur à Constantinople les instructions nécessaires à la reprise des négociations que M. Valfrey n'avait pu mener à bonne fin.

Pour répondre à cette demande, M. de Freycinet me charge aujourd'hui de faire connaître à votre Excellence qu'il est aussi désireux qu'elle de voir intervenir une solution à cet effet et que le Gouvernement de la République est toujours disposé à se joindre aux démarches que les Grandes Puissances se décideraient à tenter pour mettre la Bulgarie, la Serbie, le Monténégro, et la Grèce en demeure de satisfaire aux engagements pris en leur nom au Congrès de 1878.

L'Ambassadeur de Turquie à Paris avait, du reste, déjà saisi le Gouvernement Français d'une demande analogue à celle que Musurus Pacha avait adressée au Foreign Office, et M. de Freycinet a donné pour instructions au Marquis de Noailles d'assurer la Porte de ses bonnes dispositions et de lui rappeler en même temps les causes indépendantes de la volonté du Cabinet de Paris qui ont jusqu'alors mis obstacle au réglement de la question précitée.

Veuillez, &c.
(Signé) WADDINGTON.

No. 10.

E *Sir E. Thornton to Earl Granville.—(Received May 11.)*
(No. 149.)
My Lord, *St. Petersburgh, May 5*, 1885.

I HAD the honour to receive your Lordship's despatch No. 122 of the 7th ultimo relating to the Bulgarian tribute and share of the Ottoman public debt, and I called upon M. de Giers on the 22nd ultimo, read to him the despatch in question, and left with him a copy of it, as well as of its inclosure.

His Excellency made no remarks upon its contents, but merely said that he was at this moment much occupied with the Afghan boundary question, and had little time for anything else. He would, however, take it into consideration as soon as he could.

I have, &c.
(Signed) EDWD. THORNTON.

No. 11.

Earl Granville to Viscount Lyons.

(No. 500.)
My Lord, *Foreign Office, May 18*, 1885.

WITH reference to my despatch No. 317 of the 7th ultimo, on the subject of the Bulgarian tribute, and the share of the Ottoman Debt to be borne by the Principality

and by Servia, Greece, and Montenegro, I transmit to your Excellency herewith a copy of a note which I have received from M. Waddington, stating that the French Government are prepared to join in the steps which the other Powers may decide to take with a view to the fulfilment of their obligations under the Treaty of Berlin by the States referred to.*

I am, &c.
(Signed) GRANVILLE.

No. 12.

Earl Granville to Sir E. Thornton.†

(No. 192.)
Sir, *Foreign Office, May 18*, 1885.

WITH reference to my despatch No. 122 of the 7th ultimo, I transmit to you herewith a copy of a note which I have received from the French Ambassador, stating that the French Government are prepared to join in the steps which the Powers may decide to take with a view to the fulfilment of their obligations under the Treaty of Berlin by Bulgaria, Servia, Greece, and Montenegro.*

I have to request your Excellency to communicate a copy of M. Waddington's note to the Government to which you are accredited.

I am, &c.
(Signed) GRANVILLE.

No. 13.

E *Sir E. Malet to Earl Granville.—(Received May 25.)*
(No. 230.)
My Lord, *Berlin, May 22*, 1885.

WITH reference to your Lordship's despatch No. 237 of the 18th instant respecting the settlement of the Bulgarian tribute and the share of the Ottoman public debt to be borne by the Principality, as well as by Servia, Montenegro, and Greece, I have the honour to inform your Lordship that, in conformity with the instructions contained therein, I have transmitted to Count Hatzfeldt, Secretary of State for Foreign Affairs, a copy of the note addressed to your Lordship by the French Ambassador in London, stating that the French Government are prepared to join in the steps upon which the Powers may decide with a view to the fulfilment of their obligations under the Treaty of Berlin by Bulgaria, Servia, Greece, and Montenegro.

I have, &c.
(Signed) EDWARD B. MALET.

No. 14.

E *Sir E. Malet to Earl Granville.—(Received May 29.)*
(No. 235.)
My Lord, *Berlin, May 27*, 1885.

WITH reference to your Lordship's despatches No. 188 of the 7th April and No. 237 of the 18th instant, on the subject of the Bulgarian tribute, and the share of the Ottoman Public Debt to be borne by the Principality, as well as by Servia, Montenegro, and Greece, and asking whether the German Government is prepared to instruct its Representative at Constantinople to resume the consideration of the matter, I have the honour to inform your Lordship that Count Hatzfeldt told me yesterday that the Imperial Government had long ago authorized the German Ambassador to enter into conference on the subject at Constantinople, on his colleagues receiving similar instructions, and that those instructions still hold good.

I have, &c.
(Signed) EDWARD B. MALET.

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* No. 2.
† Also to Sir E. Malet (No. 237), Sir A. Paget (No. 112), and Sir J. S. Lumley (No. 146).

No. 15.

Sir J. S. Lumley to Earl Granville.—(Received June 9.)

E
(No. 121.)

Rome, May 31, 1885.

My Lord,

IN accordance with the instructions contained in your Lordship's No. 146 of the 18th instant, I communicated to the Italian Minister for Foreign Affairs a copy of M. Waddington's note to your Lordship of the 5th May on the subject of the steps which the Powers may decide to take with a view to the fulfilment by Bulgaria, Greece, Servia, and Montenegro of their obligations under the Treaty of Berlin, and I have the honour to report that I have to-day received a note from M. Mancini, in which his Excellency states that the Italian Government is willing to act in concert with the other Powers in order to obtain a solution of the question, and that instructions in that sense will be sent to the Italian Embassy at Constantinople.

I have, &c.
(Signed) J. SAVILE LUMLEY.

No. 16.

Assim Pasha to Musurus Pasha.—(Communicated to the Marquis of Salisbury by Musurus Pasha, July 14.)

E

Constantinople, le 24 *Mai*, 1885.

M. l'Ambassadeur,

J'AI reçu la dépêche que votre Excellence a bien voulu m'adresser le 11 Avril, pour me faire part de la réponse que M. le Ministre des Affaires Étrangères lui a faite relativement à la fixation du tribut de la Bulgarie et des quotes-parts de la dette publique Ottomane afférentes à cette Principauté, ainsi qu'à la Serbie, au Monténégro, et à la Grèce.

La plupart des Cabinets nous ayant répondu qu'ils se concerteraient entre eux pour arriver à la solution de cette question, et leurs bonnes dispositions nous étant acquises, je vous prie de ne pas perdre l'affaire de vue et de continuer vos démarches auprès de M. le Ministre des Affaires Étrangères jusqu'à ce qu'un accord s'établisse définitivement.

Veuillez, &c.
(Signé) M. ASSIM.

No. 17.

Sir W. White to the Marquis of Salisbury.—(Received July 15.)

(No. 310.)

Therapia, July 7, 1885.

My Lord,

THE improvidence of the Turkish Treasury is well known, and has received a fresh illustration within the last few weeks.

During the month of Ramazan (the great Turkish fast), and during the feast of Baïram, which follows, the Sultan in under a moral obligation to give to his Army, Navy, and Civil Service some instalment of their large arrears of pay, and, though this recurs annually, no timely provision appears to be ever made for this outlay.

This year Ramazan commenced about the middle of June, and great murmuring was said to exist amongst subordinate officers at the absence of any provision to let them have some cash.

The Government contracted, therefore, with the Imperial Ottoman Bank for an advance on some taxes which will not be due till May to July 1886.

This temporary accommodation amounts to a loan of £ T. 150,000, at 10 per cent. interest, to be repaid from certain taxes, as stated above, in 1886, and of which four-fifths are in cash, and one-fifth, or £ T. 30,000, are paid by the bank in "havalés," accepted by the Treasury as cash at their nominal value.

One-half, or £ T. 75,000 was paid by the bank on these terms a couple of weeks ago, and the remainder will be paid shortly.

A "havalé" is an order from the Ministry of Finance to the Treasury of a vilayet to pay to order a certain sum of money.

This order is not convertible into cash as a matter of course, its payment remaining a matter of favour. Bankers will not discount "havalés." Formerly they did so at 15 to 50 per cent. discount.

I have, &c.
(Signed) W. A. WHITE.

No. 18.

Sir J. Pauncefote to the Right Hon. E. P. Bouverie.

Foreign Office, July 23, 1885.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 14th instant, stating that the Council of Foreign Bondholders are very desirous to obtain the settlement of the question as to the share of the Ottoman Public Debt to be borne by the Balkan States, and asking his Lordship to receive a deputation from the Council on the subject.

In reply, I am to state that Lord Salisbury will be glad to receive a deputation from the Council of Foreign Bondholders as soon as Her Majesty's Government shall have received answers from all the Powers Signatories of the Treaty of Berlin to a Circular despatch which Earl Granville issued on the 7th April last, again calling attention to this question.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 19.

Assim Pasha to Musurus Pasha.—(Communicated to the Marquis of Salisbury by Musurus Pasha, August 10.)

E

Constantinople, le 4 *Août*, 1885.

M. l'Ambassadeur,

J'AI reçu la dépêche que votre Excellence a bien voulu m'adresser le 15 Juillet, relativement au tribut de la Bulgarie et aux quotes-parts de la Dette Ottomane afférentes à cette Principauté, à la Serbie, au Monténégro, et à la Grèce.

C'est avec une vive satisfaction que la Sublime Porte a appris l'accueil bienveillant que Lord Salisbury a fait à votre demande. Nous aimons à espérer que les démarches qu'il vous a promis de faire auprès des Puissances co-Signataires seront cette fois couronnées de succès et que cette question recevra enfin une solution satisfaisante.

Je prie dans tous les cas votre Excellence de ne point discontinuer ses instances auprès de sa Seigneurie pour obtenir le résultat désiré.

Veuillez, &c.
(Signé) M. ASSIM.

No. 20.

The Marquis of Salisbury to Sir W. White.

(No. 133.)
(Telegraphic.)

Foreign Office, October 13, 1885, 7 P.M.

CAN you ascertain confidentially whether, if any payment were made to Turkish Government on account of surplus Cyprus revenue, after deduction of sum required for interest of Guaranteed Loan, it would benefit Turkish Exchequer, or would go to the bondholders under the Iradé of the 20th December, 1881. The balance left is about 10,000*l.* a-year, but the Iradé assigns a sum of 118,000*l.* to be supplied from revenue of Cyprus or from tobacco tithe or bills on Customs.

No. 21.

Sir J. Pauncefote to Sir R. E. Welby.

Foreign Office, October 19, 1885.

Sir,

I AM directed by the Marquis of Salisbury to request that you will call the attention of the Lords Commissioners of Her Majesty's Treasury to the arrangements with regard to the surplus of the Cyprus revenue payable to the Porte under the Annex to the Convention of the 4th June, 1878.

Lord Salisbury understands that the total amount due to the Porte is about 92,400*l.* yearly, after deduction of commission and other expenses.

Out of this sum an amount of 82,000*l.* is retained to defray the balance of the interest on the Ottoman Loan of 1855, guaranteed jointly by France and England.

From the balance of 10,000*l.* a-year remaining Her Majesty's Government have, during the years 1882, 1883, and 1884 retained sufficient to reimburse the sums paid for the ransom of Colonel Synge and of Mr. Suter.

In a despatch to Her Majesty's Ambassador at Constantinople, of which the draft was forwarded in the letter from this Office of the 27th December, 1883, and which was eventually addressed to Lord Dufferin on the 15th February, 1884, after certain modifications suggested in your letter of the 30th January, 1884, his Excellency was instructed to inform the Porte that after the deductions on account of the ransoms above referred to, the actual balance for the year 1884 would be about 2,585*l.*, and that this sum would be at the proper time handed to the Porte.

Lord Dufferin's attention was, however, drawn to the obligation contracted by Turkey towards England and France by Article II of the Convention of 1855 to provide a sinking fund of 1 per cent. for the gradual extinction of the Guaranteed Loan, and he was instructed, whilst informing the Turkish Government of the sum which would be due to them on account of the surplus revenues of Cyprus in 1884, to express the hope that measures would be taken at once to provide a sinking fund in accordance with the stipulation of the Convention, "as it would be a matter of regret to Her Majesty's Government if they were compelled to retain for this purpose the balance of the surplus which might remain in their hands from year to year."

The Porte have constantly protested against their liability to repay the ransom for Mr. Suter, but they have made no reply to the communication with regard to the sinking fund for the Guaranteed Loan of 1855, and Lord Salisbury believes that no payment has been hitherto made to them by Her Majesty's Government on account of the surplus Cyprus revenue.

Lord Salisbury does not consider that this is a satisfactory manner of treating the question, and without withdrawing the claim on the Turkish Government to establish a sinking fund for the Loan of 1855, which is one of strict right, his Lordship would wish to be enabled to state that the balance now due on account of the surplus Cyprus revenue, after deductions for interest of the loan, and for the full amount of the Synge and Suter ransoms, will be duly paid to the Turkish Treasury.

I am to request that you will move the Lords Commissioners to give their assent to this communication, and to inform Lord Salisbury of the amount and mode of the payment to be made.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 22.

Sir W. White to the Marquis of Salisbury.—(Received October 24.)

(No. 452. Confidential.)

Therapia, October 19, 1885.

My Lord,

IMMEDIATELY on receipt, on the morning of the 14th instant, of your Lordship's telegram No. 133 of the 13th October, I set to work, confidentially, to ascertain whether the bondholders would have a claim on any surplus Cyprus revenue if any payment were made to the Government of Turkey, and I have the honour to report the result of these inquiries.

The Iradé of the 20th December, 1881, assigned to the bondholders the sum of £T. 130,000, specified in your Lordship's despatch, in lieu of the Cyprus revenue originally appropriated for their benefit by Article 8, section 6 of the Imperial Decree.

This sum I find to have been actually paid to the bondholders by Turkey in the financial year 1299-1300 (Turkish style), and is equal to 118,000*l.*

It is in excess of what is paid to the Turkish Government from the Island of Cyprus, but the Ottoman Government have thought proper to fix that amount in the hope that they may obtain in time an increase to that extent.

On the other hand, I hear from competent persons that even the present amount paid by the island is considered as too high and a burden on its resources, weighing heavily on and impeding its development.

I believe it to be a general opinion of all those who have devoted attention to this question, that it would be highly desirable to come to a permanent arrangement with Turkey with a view of capitalizing this annuity, and by this means decreasing the annual charge to the island.

Mr. Foster, the Director-General of the Imperial Ottoman Bank, tells me that in 1879 negotiations were carried on with that view, and that Turkey asked for a lump sum of 1,300,000*l.* at the time.

Such a settlement could not, however, be concluded without the concurrence of the body representing the bondholders, to whom the eventual possibility of falling back on the Cyprus surplus, however distant, constitutes an additional security, though they profess themselves entirely satisfied with the payment they receive now as a substitute.

If this state of things applies to the capitalization in lieu of annual payments of this surplus, it is to be presumed that the consent of the bondholders would be required if we wished the Turkish exchequer to derive benefit from any available balance. That it could be obtained for a pecuniary consideration is highly probable. But the whole of this question appears so involved that it is impossible to state anything with precision, and a legal opinion would be necessary.

I have, &c.
(Signed) W. A. WHITE.

No. 23.

Viscount Lyons to the Marquis of Salisbury.—(Received October 24.)

E
(No. 702.)

Paris, October 23, 1885.

My Lord,

M. CHARLES MALLET and M. de Valfrey called upon me on the day before yesterday, and told me that they had just had an interview, on behalf of the French holders of bonds of the Ottoman Debt, with M. de Freycinet, the Minister for Foreign Affairs.

It was, they said, generally believed that a Conference would be held on the questions raised by recent events in Eastern Roumelia. They had expressed to M. de Freycinet a hope that in that case the French Government would bring before the Conference the subject of the obligations incumbent on Bulgaria under the IXth Article of the Treaty of Berlin with regard to paying tribute to the Porte and supporting a part of the debt of the Empire. They had urged upon M. de Freycinet that if Bulgaria obtained any increase of territory or other advantage from the Conference, it would be particularly opportune that she should be at the same time called upon to fulfil the obligations she had so long neglected. They had admitted, on the other hand, that if the *status quo* were restored, Bulgaria, after the expenses which the events in Roumelia had entailed upon her, would not be in a financial position in which the discharge of her obligations would be particularly easy to her. Still, they thought it incumbent on the French Government not to lose sight in the Conference of the interests of the numerous French citizens who held Ottoman stock.

M. Charles Mallet and M. de Valfrey went on to say that M. de Freycinet had replied that although, if there was a Conference, France would probably be represented in it, still it was rather with the Northern Powers than with France that the proposal to hold one would originate. It would therefore be more proper for these Powers than for France to take the lead in settling the subjects to be brought forward.

M. Mallet and M. de Valfrey told me that, without relaxing their endeavours to obtain the support of the French Government, they should communicate with Berlin, in the hope that the German Government might be induced to bring the matter before the Conference.

They informed me also that they intended to write to their friends in London, and in particular to Mr. Bouverie, to beg them to endeavour to obtain the assistance of Her Majesty's Government.

Later in the day I mentioned to M. de Freycinet the communication M. Mallet and M. de Valfrey had made to me.

M. de Freycinet told me that he had expressed to those gentlemen his desire to promote the interests of the bondholders, and had said that he could not take any initiative; but that if the question were brought before the Conference by Germany, or by either of the Northern Powers, and if England agreed, he would instruct the French Representative to further the consideration of it.

M. de Freycinet observed to me that his disinclination to take the initiative in bringing the question forward was not caused by any lukewarmness in the cause of the bondholders; that, in fact, he considered that as France was not one of the proposers of the Conference, it might be inconvenient for her to take any initiative as to the particular subjects to be discussed.

I have, &c.
(Signed) LYONS.

No. 24.

Mr. Bouverie to the Marquis of Salisbury.—(Received October 29.)

Council of Foreign Bondholders, 17, Moorgate Street,
London, October 28, 1885.

My Lord,

I AM requested by the Council of the Corporation of Foreign Bondholders to draw your Lordship's attention to the effect of recent events in the Balkan States, so far as they directly affect the interests of the creditors of Turkey.

As your Lordship is aware, the Treaty of Berlin, Article IX, expressly provides that the amount of the tribute to be paid to the Porte by the Province of Bulgaria should be determined by an agreement between the parties to that Treaty at the end of the first year of the working of the new organization established in Bulgaria by the Treaty.

It is well known that this amount has never yet been determined, nor has a farthing of any tribute been yet paid to Turkey from Bulgaria.

The produce of this tribute was duly assigned by the Porte, in December 1881, to the creditors of Turkey; but though various efforts have been made, at the instance of the bondholders, to endeavour to overcome the impediments which beset the final adjustment of this tribute and the assistance of the Governments both of England and of France have been successfully invoked to endeavour to obtain it, nothing practical has been achieved. It is supposed that political considerations of an important character have hitherto prevented the Parties to the Treaty of Berlin from agreeing to carry into operation the above-named Article; and the Bulgarian Government, so far as I am aware, has made no sign of any desire to assist in arriving at a conclusion in the matter.

I have to call your Lordship's attention to a letter on this subject written by myself to Lord Granville, dated the 18th December, 1883, to which Lord Granville replies as follows:—

"Sir, "*Foreign Office, January* 3, 1884.

"I am directed by Earl Granville to acknowledge the receipt of your letter of the 18th December last, relative to the contributive parts of the Turkish Debt to be borne by Greece, Bulgaria, Servia, and Montenegro, and urging the desirability of a Conference at Constantinople for the settlement of this question.

"I am to inform you, in reply, that Her Majesty's Government are in communication with Her Majesty's Ambassador at Constantinople with reference to this matter, and that a further communication will be addressed to you hereafter on the subject.

"I am, &c.
(Signed) "JULIAN PAUNCEFOTE."

I have received no further communication from the Foreign Office on the subject.

As regards Eastern Roumelia, the tribute was fixed at £T. 265,000 per annum, and this has heretofore been regularly paid, though only in part, there being now an

unpaid arrear of £T. 483,000 due to the creditors of Turkey, to whom the tribute belongs, under the Imperial Iradé of December 1881.

I regret to have to inform your Lordship that the monthly instalment of this tribute which fell due to be paid at Philippopoli on the 13th instant has not been paid; a failure which is no doubt due to the invasion of Eastern Roumelia by Prince Alexander and the Bulgarian army, and the consequent derangement of the ordinary course of the public finances of the province.

The Council of the Corporation conceive that they are justly entitled to pray for your Lordship's active assistance in insisting that the Bulgarian Government should not force the Government of Eastern Roumelia into the same financial position and disrepute, with reference to the Suzerain Power, which they have thought fit to occupy themselves.

It seems to the Council a strong additional reason why the Bulgarian Government should not be permitted by the Great Powers to take advantage of their own wrong and secure a large addition to their territory, when it is evident that they have thus seized the first opportunity to repudiate the national public obligations of Eastern Roumelia towards the European creditors of Turkey in the like spirit with which they have ignored their own.

The Council cannot but think that the Conference now sitting to consider the relations between Eastern Roumelia and Bulgaria, and the course which the Great Powers will have to take in reference to the recent important events in those States, could not have found a more favourable occasion also to consider the obligations, created by the Berlin Treaty, as to fixing the Bulgarian tribute, and also as to the contributive parts of the Ottoman Public Debt to be allocated to Greece and the Balkan States.

They would entreat your Lordship to use the influence of the British Government to effect this important international object, and to induce the Conference to take the requisite steps to ascertain and insist on the due payment of the Bulgarian tribute, and the allocation of the above-mentioned contributive parts of the Ottoman Debt.

It is obvious that the commotions in Bulgaria and Eastern Roumelia must have a deteriorating effect on Turkish credit and the finances of the Ottoman Empire; and if, in addition to this, which reacts injuriously on the Turkish creditors, the final result of these disturbances is to comprehend repudiation of the payment of the Eastern Roumelian tribute, as well as the further indefinite postponement of any settlement of the Bulgarian tribute, the holders of the Turkish Debt will have great and just grounds of complaint that their large interests have been ignored by the Governments of which they are the subjects, and to which they naturally looked for protection from injury.

I have to-day received from Paris letters, of which I inclose your Lordship copies, by which you will perceive that the French bondholders have applied to their Government with respect to the Bulgarian tribute, &c., invoking their assistance to bring the subject before the Conference.

Your Lordship will observe the encouragement they appear to have received from M. de Freycinet, and the advice he has given them with reference to application to the Northern Powers.

The Council will feel grateful to your Lordship if you should see fit make the two requests suggested by M. Valfrey: first, that the German Government should consent to the introduction of the question of the Bulgarian tribute and the contributive parts in the programme of the Conference; and, next, to urge the Porte to come to an understanding with the Powers as to the execution of the Articles of the Treaty of Berlin hitherto unexecuted.

I have, &c.
(Signed) E. P. BOUVERIE.

Inclosure 1 in No. 24.

M. Valfrey to Mr. Bouverie.

Mon cher Mr. Bouverie, *Paris, le 24 Octobre,* 1885.

VOUS avez compris pourquoi je ne me suis pas rendu à Londres, dans ces dernières semaines; j'allais me mettre en route lorsque la révolution de Philippopoli a éclaté, créant au premier abord une complication devant laquelle tout devait s'effacer.

Mais peu à peu la situation à paru s'éclaircir; on a parlé de la réunion d'une Conférence, et nous avons pensé aussitôt que le moment était opportun pour prier le Gouvernement Français de nous prêter l'assistance de son action diplomatique.

Les établissements financiers de Paris ont adressé alors au Ministre des Affaires Étrangères de France une lettre, dont vous trouverez ci-joint copie. Le Ministre a reçu la lettre et étudié les questions qu'elle soulève; puis il nous a donné audience, à M. le Président Mallet et à moi, le 21 courant, pour s'en entretenir avec nous.

M. de Freycinet nous a promis que si la question du tribut Bulgare et celle des parts contributives étaient portées devant une Conférence, le Représentant de la France se déclarerait prêt à les examiner et à en faciliter la solution conformément au Traité de Berlin. Mais il ajoute que les Puissances Occidentales demeurant au second plan pour la préparation et la convocation de la dite Conférence, nous devrions amener par notre influence l'une ou l'autre des Puissances du Nord à inscrire dans le programme des délibérations Européennes le réglement des créances que la Turquie est en droit de faire valoir sur la Bulgarie, la Grèce, la Serbie, et le Monténégro. Conformément à cette suggestion nous écrivons aujourd'hui même à Berlin, et je verrai incessamment l'Ambassadeur d'Autriche à Paris.

Depuis lors, les télégrammes des journaux annonçent que la Porte a pris l'initiative de demander la réunion d'une Conférence. Si la nouvelle est vraie, la Porte pourra, sans excéder son rôle, proposer d'y comprendre les questions qui nous occupent, et nous faisons aujourd'hui même une démarche dans ce sens auprès de son Ambassadeur ici.

Nous vous serions reconnaissants, cher Mr. Bouverie, d'agir à Londres dans un sens analogue, et Lord Lyons nous y a encouragés, M. Mallet et moi. Nous vous demanderions dans ce cas deux choses: la première serait de provoquer une démarche de votre Ambassade à Berlin pour que l'Allemagne consentit à l'introduction de la question du tribut et des parts contributives dans le programme de la Conférence; la seconde aurait pour but de stimuler la Turquie à s'expliquer catégoriquement devant les Puissances sur la nécessité d'assurer l'exécution des Articles du Traité de Berlin, qui sont démeurés en souffrance depuis sept ans.

Agréez, &c.
(Signé) J. VALFREY.

Inclosure 2 in No. 24.

French Bankers to M. de Freycinet.

M. le Ministre,

UNE Conférence Internationale doit se réunir prochainement à Constantinople pour statuer sur les événements dont la Roumélie-Orientale vient d'être le théâtre. Les délibérations annoncées auront nécessairement pour résultat, soit de modifier le Traité de Berlin dans quelques-unes de ses dispositions, soit d'en rétablir l'autorité intégrale.

A cette occasion les chefs des établissements financières soussignées, qui ont participé, en 1881, aux négociations d'où est sortie la reprise du service de la Dette Turque, ont l'honneur d'exposer à votre Excellence les considérations suivantes.

Aux termes des Articles IX, XXIII, et XXIV du Traité de Berlin, la Principauté de Bulgarie doit à la Puissance Suzeraine le paiement d'un tribut annuel; elle est tenue en outre de prendre à sa charge une part proportionnelle de la Dette Ottomane, et une obligation analogue pèse sur la Serbie et le Monténégro, ainsi que sur la Grèce, en vertu d'une Convention Diplomatique postérieure, pour les territoires qui ont été détachés de l'Empire Ottoman en faveur de ces trois États.

Or, vous n'ignorez pas, M. le Ministre, que ces dispositions, malgré leur caractère positif, sont demeurées jusqu'ici lettre morte. En d'autres termes, la Bulgarie, déclarée province autonome en 1878, s'est trouvée affranchie en fait jusqu'ici du paiement d'un tribut, qui n'a même pas encore été fixé; elle n'a pris à sa charge aucune part de la Dette Ottomane, et la Serbie, la Grèce, et le Monténégro ont bénéficié à leur tour dans la même proportion des mêmes immunités.

Les Soussignés ne se seraient pas cru en droit d'élever la voix contre cette inexécution de plusieurs Articles du Traité de Berlin, si les intérêts considérables qu'ils représentent n'en recevaient un préjudice chaque jour plus grave. En effet, le Décret Impérial du 21 Décembre, 1881, qui ordonne la reprise du service de la Dette Turque, aliène au profit des créanciers de la Turquie les ressources éventuelles provenant du

tribut de la Bulgarie et de la part que la Serbie, la Grèce, et le Monténégro doivent prendre dans la Dette Ottomane. Les créanciers Français de la Turquie ont adhéré aux arrangements de 1881, avec l'espérance que toutes les promesses de l'État débiteur seraient remplies, et en calculant la valeur de chacune des ressources qui s'y rattachent. La Porte, en ce qui la concerne, a tenu avec ponctualité ses engagements, mais il ne dépend pas d'elle d'assurer l'exécution de ce qui reste en souffrance; elle a besoin, et nous avons besoin avec elle, de la bonne volonté de l'Europe, et un concours de toutes les Puissances Signataires du Traité de Berlin pour amener entre la Turquie et les Gouvernements dont elle est créancière des arrangements financiers conformes aux stipulations du 13 Juillet, 1878.

Les délibérations qui vont s'ouvrir à Constantinople semblent fournir, quelle qu'en soit la forme, une occasion précieuse pour traiter et résoudre ces questions. Nous venons donc prier le Gouvernement de la République d'intervenir pour qu'elles reçoivent une solution différée depuis sept ans. La sollicitude qui vous inspire en toute circonstance la protection des intérêts Français, nous donne l'espoir que vous accueillerez notre demande avec bienveillance.

Veuillez agréer, &c.

No. 25.

Sir J. Pauncefote to Mr. Bouverie.

Sir, *Foreign Office, November 7, 1885.*

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 28th ultimo, in which you urge, on behalf of the Council of Foreign Bondholders, that the Conference which has been summoned at Constantinople to consider the recent events in Eastern Roumelia and Bulgaria should deal with the question of the Bulgarian tribute, and of the contributive parts of the Ottoman Debt to be borne by the several States on account of territory assigned to them under the provisions of the Treaty of Berlin.

I am, in reply, to state that it would, in Lord Salisbury's opinion, be premature to take action in the matter until the Conference shall have taken in hand the modification of the Constitution of Eastern Roumelia; but that Her Majesty's Representative at Constantinople will be instructed to watch for a favourable opportunity of urging that occasion should be taken of the present Conference to settle this long-pending question.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 26.

The Marquis of Salisbury to Sir W. White.

(No. 415.)

Sir, *Foreign Office, November 10, 1885.*

I TRANSMIT to you herewith copy of a letter from Mr. Bouverie, Chairman of the Council of Foreign Bondholders,* urging that advantage should be taken of the present Conference to settle the tribute to be paid by Bulgaria and the contributive parts of the Ottoman Debt to be borne by the several States to which territory was assigned under the Treaty of Berlin. I also transmit a copy of the reply which has been returned to Mr. Bouverie.†

You will find in the archives of Her Majesty's Embassy copies of Lord Granville's Circular to the Representatives at the Courts of the Great Powers on this question, and of the correspondence which ensued. You will also have received a printed copy of a Memorandum recently drawn up by M. Caillard as to the arrangements which might, under present circumstances, be made.

I have to request that you will bear the matter in mind, with the view of taking any favourable opportunity that may present itself of bringing it forward either in private discussion with your colleagues, or in the discussions of the Conference.

For the present, however, and until the more urgent questions, for which the

* No. 24. † No. 25.

Conference has been summoned, have been dealt with, it would be premature and impolitic to touch upon this point.

I am, &c.
(Signed) SALISBURY.

No. 27.

Mr. Guedalla to the Marquis of Salisbury.—(Received November 14.)

My Lord, *November* 13, 1885.

ALLOW me to suggest to your Lordship on behalf of Group 4 of the Turkish bondholders, that your Lordship give instructions to Sir William White at Constantinople to urge the prompt settlement of the Bulgarian tribute now in arrear nearly eight years, and to insist also that Eastern Roumelia should in future pay the bondholders the exact amount fixed by the Treaty of Berlin.

I think this also a most fitting time for your Lordship to press on our behalf the Governments of Greece, Servia, and Montenegro to contribute their equitable proportions of the Turkish debt which has been standing over since 1878.

The immediate settlement would not only materially benefit us, but strengthen the resources of Turkey, and is no more than her just due.

I remain, &c.
(Signed) H. GUEDALLA.

No. 28.

Sir J. Pauncefote to Mr. Guedalla.

Sir, *Foreign Office, November* 19, 1885.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 13th instant, in which you suggest, on behalf of Group 4 of the Turkish bondholders, that the Conference which has been summoned at Constantinople to consider the recent events in Bulgaria and Eastern Roumelia should deal with the question of the Bulgarian and Eastern Roumelian tributes, and of the contributive parts to be borne by the Governments of Greece, Servia, and Montenegro, on account of territory assigned to them under the provisions of the Treaty of Berlin.

In reply, I am to state that it would, in Lord Salisbury's opinion, be premature to take action in the matter until the Conference shall have taken in hand the modification of the Constitution of Eastern Roumelia; but that Her Majesty's Representative at Constantinople has been instructed to watch for a favourable opportunity of urging that occasion should be taken to settle this long-pending question.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.